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MEMORANDUM

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TO: Docket Control
FROM: Ernest G. Johnson *EGJ*
Director
Utilities Division

DATE March 21, 2005

RE: BEARDSLEY WATER COMPANY, INC. APPLICATION FOR AN
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
TO PROVIDE WATER SERVICE IN MARICOPA COUNTY, ARIZONA
(DOCKET NO. W-02074A-03-0608)

Per Procedural Order dated March 1, 2005, attached is the Addendum to the Staff Report for the above referenced application.

EGJ:DMH:rdp
Originator: Dorothy Hains

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On August 26, 2003, Beardsley Water Company ("Beardsley" or "Company") filed an application to extend its Certificate of Convenience & Necessity. A hearing was held on this matter on February 3, 2005. On March 1, 2005, the Administrative Law Judge issued a Procedural Order requiring Staff to file an addendum to its Staff Report. The addendum was to clarify Staff's first recommendation that would require Beardsley "to upgrade the existing system ... to ensure adequate service before service is provided to any new customers in the proposed extension area."

Beardsley owns and operates four separate water systems. Each system is equipped with well(s) and storage tank(s), however, it is Staff's opinion (as was discussed in the original Staff Report) that these systems do not have adequate production and storage capacities to serve their existing customers. These inadequacies can be addressed by one or a combination of the following:

- (1) The Company can interconnect some or all of its water systems.
- (2) The Company can install additional well(s) for each system.
- (3) The Company can install additional storage capacity for each system.

In order to determine which course of action is best for the Company, it should conduct a cost benefit analysis that compares each of the above options along with any other option the Company believes will work. This can all be done as part of the master plan that was recommended by Staff in Docket No. W-02074A-04-0358 and ordered in Decision No. 67576.

Service List for: Beardsley Water Company, Inc.
Docket No. W-02074A-03-0608

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